

# KIENA GOLD MINES LIMITED



ANNUAL REPORT

1972

# KIENA GOLD MINES LIMITED

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## *Executive Office*

P.O. Box 40  
Commerce Court West  
Toronto, Ontario

## *Mine Office*

Val d'Or, Quebec

## *Officers*

J. R. SMITH  
*President*

G. T. N. WOODROOFFE  
*Vice-President*

A. C. CALLOW  
*Secretary*

J. D. KRANE  
*Treasurer*

## *Directors*

P.-E. AUGER

D. M. GIACHINO

D. E. HOWARD

D. W. KNIGHT

G. P. MITCHELL

J. R. SMITH

G. T. N. WOODROOFFE

## *Transfer Agent and Registrar*

CROWN TRUST COMPANY  
302 Bay Street, Toronto  
393 St. James St. W., Montreal

## *Auditors*

CLARKSON, GORDON & Co.  
Toronto

## *Annual Meeting*

Hunting Room,  
King Edward Sheraton Hotel,  
Toronto  
May 17, 1973  
10:30 a.m.  
(Toronto Time)

## REPORT OF THE DIRECTORS

To the Shareholders:

The financial statements of your Company as at December 31, 1972 and the Auditors' Report thereon are submitted herewith.

Expenditures during the year consisted largely of costs related to maintaining the property in good standing and keeping the plant and equipment on the property on a care and maintenance basis. The general expense at the property for the year totalled \$11,552 compared to \$5,347 in 1971. The increase is principally due to a very substantial increase in the local school taxes which was general throughout the area.

No work was done on the property during the year.

Feasibility studies have been updated taking into consideration the present gold price and present day costs. While a reasonable estimate of cost escalation can be made, the price for gold during the coming years is still unpredictable. Before further consideration can be given to a resumption of work on the property a stable price structure for gold is required.

On behalf of the Board,

J. R. SMITH,  
President.

Toronto, Ontario.  
April 9, 1972.

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## AUDITORS' REPORT

To the Shareholders of  
Kiena Gold Mines Limited:

We have examined the balance sheet of Kiena Gold Mines Limited as at December 31, 1972 and the statements of deferred development and other expenditures and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1972 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,  
January 31, 1973.

CLARKSON, GORDON & Co.,  
Chartered Accountants.



# KIENA GOLD MINES LIMITED

(Incorporated under the laws of Ontario)

## BALANCE SHEET — DECEMBER 31, 1972

### ASSETS

	1972	1971
Current:		
Cash and deposit receipt .....	\$ 47,035	\$ 54,194
Accrued interest .....	319	877
	<u>47,354</u>	<u>55,071</u>
Fixed (note 1):		
Buildings, machinery and equipment, at cost .....	143,298	143,298
Mining claims and properties, at cost .....	329,332	331,596
	<u>472,630</u>	<u>474,894</u>
Other:		
Deferred development and other expenditures (statement 2) (notes 1 and 2) ....	2,966,587	2,956,525
Deposit for electric power .....	12,630	12,682
	<u>2,979,217</u>	<u>2,969,207</u>
	<u>\$3,499,201</u>	<u>\$3,499,172</u>

### LIABILITIES

Accounts payable .....	\$ 348	\$ 319
Long-term:		
6% income debentures, due December 31, 1977-1978 (note 3) .....	<u>250,000</u>	<u>250,000</u>
Shareholders' equity:		
Share capital (note 3) —		
Authorized:		
2,500,000 6% non-voting preference shares with a par value of \$1.00 each (cumulative until December 31, 1968), redeemable at par		
5,000,000 common shares without par value		
Issued:		
2,467,459 preference shares .....	2,467,459	2,467,459
4,876,848 common shares .....	895,786	895,786
	<u>3,363,245</u>	<u>3,363,245</u>
Less deficit (unchanged during the year) .....	<u>114,392</u>	<u>114,392</u>
	<u>3,248,853</u>	<u>3,248,853</u>
	<u>\$3,499,201</u>	<u>\$3,499,172</u>

(See notes to financial statements)

On behalf of the Board:

J. R. SMITH, Director.

G. P. MITCHELL, Director.



# KIENA GOLD MINES LIMITED

## STATEMENT OF DEFERRED DEVELOPMENT AND OTHER EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 1972

	1972	1971
Balance, beginning of year .....	\$2,956,525	\$2,945,697
Expenditures during the year:		
General expense at the property .....	11,552	5,347
Administrative and corporate expenses .....	7,992	8,156
	<u>19,544</u>	<u>13,503</u>
Deduct:		
Interest income .....	2,792	2,675
Salvage revenue .....	750	
Profit on sale of fixed assets .....	5,940	
	<u>9,482</u>	<u>2,675</u>
Increase during the year .....	10,062	10,828
Balance, end of year .....	<u>\$2,966,587</u>	<u>\$2,956,525</u>

(See notes to financial statements)

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED DECEMBER 31, 1972

	1972	1971
Source of funds:		
Interest income .....	\$ 2,792	\$ 2,675
Refund of deposit .....	52	
Salvage revenue .....	750	
Proceeds on sale of fixed assets .....	8,204	
	<u>11,798</u>	<u>2,675</u>
Application of funds:		
Deferred development and other expenditures .....	19,544	13,503
Decrease in funds during the year .....	(7,746)	(10,828)
Working capital, beginning of year .....	54,752	65,580
Working capital, end of year .....	<u>\$ 47,006</u>	<u>\$ 54,752</u>

(See notes to financial statements)

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1972

1. All work at the mine has ceased and the recovery of any expenditures made to date is entirely dependent upon future events including among other things a substantial increase in the price of gold.
2. Development and other expenditures include a total of \$2,416,973 in respect of which the tax benefits are claimable by other companies.
3. At December 31, 1965 arrears of dividends on the preference shares amounted to \$163,796 and interest on the income debentures which is cumulative but payable only out of profits, amounted to \$38,605. All of these securities are owned by Falconbridge Nickel Mines Limited and that company has agreed to waive its rights to receive the benefit of any further accruals of interest or dividends on these securities, after December 31, 1965 until a decision has been reached to place the company's property in production or to reorganize its capital. All preference shares outstanding must be redeemed before any dividends are paid on the common shares.
4. Remuneration of senior officers (as defined under The Business Corporations Act 1970, Ontario) amounted to \$3,532 in 1972 (\$3,564 in 1971). Directors' fees amounted to \$2,500 in 1972 (\$1,250 in 1971).